D.P.U. 93-4C

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months September, October, and November 1993; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 _et_ _seq._ The rules established in 220 C.M.R. §§ 8.00 _et_ _seq._ set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCE: David A. Fazzone, Esq.
McDermott, Will & Emery
75 State Street
Boston, Massachusetts 02110
FOR: EASTERN EDISON COMPANY
Applicant

I. INTRODUCTION

On July 30, 1993, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of September, October, and November 1993. These matters were docketed as D.P.U. 93-4C. Pursuant to notice duly issued, a public hearing on the Company's application was held on August 25, 1993, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed. At the hearing, the Company sponsored two witnesses: Eugene W. Bradford, rate engineer for Eastern Utilities Associates Service Corporation, and

Gail M. Hatch, power analyst for Eastern Utilities Associates Service Corporation. The Company submitted one exhibit and responded to one record request issued during the hearing.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island, EUA Service Corporation, which provides engineering, technical, and other services for EUA companies. Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EECo and supplies power to EECo, Blackstone, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

II. FUEL CHARGE

On August 16, 1993, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for September, October, and November 1993. For these billing months, the Company proposes a fuel charge of $0.01752 per kilowatthour ("KWH").

The proposed fuel charge is $0.0024 per KWH less than the fuel charge of $0.01992 per KWH approved by the Department in Eastern Edison Company, D.P.U. 93-4B (1993) for meter readings for the billing months of June, July, and August 1993.

Mr. Bradford stated that there are two reasons for the decrease in the proposed fuel charge (Exh. EE-1, sec. 1, at iii). First, the forecast period M-rate average fuel cost is 4.8 percent lower than in the forecast period M-rate average fuel cost in the Company's previous filing (id.). Ms. Hatch stated that the decrease in the fuel prices in the forecast period can be attributed to: (1) a projected seven percent decrease in M-rate energy requirements; (2) a four percent decrease in oil prices; and (3) an anticipated increase in nuclear availabilities (id., sec. 2, at 3; Tr. at 11). Second, the Company anticipates that an underrecovery of $523,089 is expected to exist at the end of the current period, instead of the forecasted underrecovery of $858,993 in the prior filing (id. sec. 1, at iii). The underrcovery can be attributed primarily to the average M-Rate fuel cost being 3.5 percent higher than previously estimated for May and projected for June through August, and MWH purchases being 0.6 percent higher than previously estimated. Partially offsetting these increases is an anticipated 0.9 percent increase in revenues (id.).

Similar to the June through August quarter, the Company's proposed fuel charge calculation includes two adjustments. The first adjustment is a credit of $94,118.70 for Montaup's Oil Conservation Adjustment ("OCA") (id., sec. 1, at 12; Tr. at 13). Pursuant to a settlement agreement in Montaup's OCA in FERC Dockets ER83-112-000 and ER83-136-000, Montaup is allowed to retain tax benefits in order to make itself whole on the recovery of its conversion costs (id., sec. 1, at iv). The Company flows through excess tax benefits to its customers on an estimated basis, and reconciles the estimate to actual on a calendar year basis (id.).

The second adjustment is Montaup's credit of $134,178 per month for Conservation and Load Management ("C&LM") costs, reflecting a reconciliation of actual costs incurred (id.). According to the Company, the true-up of C&LM costs for the period May 1992 through December 1992 will be flowed through to EECo during the period of March 1993 through February 1994 (id.; RR-DPU-1).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during September, October, and November 1993:

Energy Rates By Voltage Level ($/KWH)

Voltage Level	Peak	Off-Peak	Total
(A) Primary	0.017960	0.017408	0.017656
(B) Secondary	0.018371	0.017957	0.018101

(Tr. at 9-10).

IV. FINDINGS

Based on the record in this case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of September, October, and November 1993, shall be $0.01752 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. that the qualifying facility power purchase rates for September, October, and November 1993 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Eastern Edison Company is authorized to put into effect a quarterly fuel charge of $0.01752 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of September, October, and November, 1993, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of September, October, and November 1993 shall be those set forth in the Table on page 4 of this

Order; and it is

<u>FURTHER ORDERED</u>: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

<u>FURTHER ORDERED</u>: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,